



Consolidated Inspection & Repair Corp. / 144 Old Eagle School Road / Strafford-Wayne, Penna. 19087

A. Ralph Kidd  
President

Area Code 215  
687-4266

12178  
RECORDATION NO. .... Filed 1425

SEP 10 1980 - 10 25 AM

August 29, 1980

0-254A014

Office of the Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

INTERSTATE COMMERCE COMMISSION

Date SEP 10 1980  
Fee \$ 50.00

ICC Washington, D. C.

Dear Sir:

You will please record, as provided in Section 1116 of Title 49 of the Code of Federal Regulations a Security Agreement for car hire, mileage recognition and other revenues from 166 railroad cars, between the parties set forth below.

Six counterpart originals of the document being recorded are enclosed with this letter of transmittal, together with a check in the amount of \$50.

The information required for such recording by order of the Interstate Commerce Commission is as follows:

Section 1116.4(b) - the names and addresses of the parties to the transaction are:

Principal Debtor:

Avec Equipment Corporation  
342 Harding Way West  
P. O. Box 706  
Galien, Ohio 44833

Secured Party:

Consolidated Inspection  
& Repair Corporation  
Valley Forge South- Suite 3080  
440 E. Swedesford Road  
Wayne, Penna. 19087



Consolidated Inspection & Repair Corp. / 144 Old Eagle School Road / Strafford-Wayne, Penna. 19087

A. Ralph Kidd  
President

Area Code 215  
687-4266

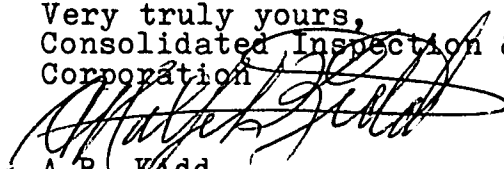
Section 1116.4(c) - Description of the Equipment:

<u>TYPE</u>	<u>A.A.R. MECHANICAL DESIGNATION</u>	<u>NO. OF UNITS</u>	<u>MARKER *</u>	<u>NUMBERED (INCLUSIVE)</u>
50' Box Cars	XP	166	LKVV Lykens Valley Railroad	123000-123023 123025-123058 123060-123063 123065-123094 123096-123101 123103-123112 123114 123117-123133 123150-123173 123175-123180 123500-123509

\* Each unit will have stenciled on each side thereof the following legend: CIRCO

Three counterpart originals of the documents recorded should be returned to our attorney, Daniel Mungall, Jr., Esquire, 1300 Two Girard Plaza, Philadelphia, Pennsylvania 19102

Very truly yours,  
Consolidated Inspection & Repair  
Corporation

  
A.R. Kidd  
President

**Interstate Commerce Commission**  
Washington, D.C. 20423

9/10/80

OFFICE OF THE SECRETARY

A. Ralph Kidd, President  
CIRCO  
144 Old Eagle School Road  
Strafford-Wayne, Penna 19087

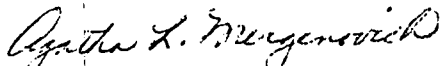
Sent to

Daniel Mungall, Jr. Esq.  
1300 Two Girard Plaza  
Phila. Pa. 19102

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 9/10/80 at 10:25am, and assigned re-  
recording number(s). 12178

Sincerely yours,

  
Agatha L. Mergenovich  
Secretary

Enclosure(s)

SECURITY AGREEMENT FOR CAR HIRE, MILEAGE RECOGNITION  
AND OTHER REVENUES FROM 166 RAILROAD CARS

THIS SECURITY AGREEMENT made this 31st day of July, 1980  
between AVEC EQUIPMENT CORPORATION, an Ohio corporation  
("Debtor"), and CONSOLIDATED INSPECTION AND REPAIR CORPORATION,  
a Pennsylvania corporation ("Creditor").

12178  
RECORDATION NO. .... Filed 1425

W I T N E S S E T H

SEP 10 1980 - 10 25 AM

WHEREAS, Creditor has been involved in rehabilitating box  
cars owned by Debtor over the course of the last six to eight  
months; and

WHEREAS, Debtor and Creditor have negotiated and entered  
into a settlement on June 21, 1980 and executed an agreement  
and a modifying Letter Agreement, Dated July 31, 1980, copies of  
which are attached hereto as Exhibit "A" and made a part hereof.

NOW, THEREFORE, Debtor hereby grants to Creditor a security  
interest in and agrees and acknowledges that Creditor has and shall  
continue to have a security interest in all revenues generated by  
or arising from the 166 Box Cars listed on Schedule I attached hereto  
and made a part hereof including but not limited to the Car Hire  
and Mileage Recognition and all proceeds thereof, to secure the payment  
of any and all indebtedness and liabilities of the Debtor to Creditor  
as set forth in the Agreement.

The security interest hereby granted is subject to prior

EXECUTED IN Light COUNTERPARTS  
COUNTERPART NO. Two

security agreements in favor of Provident National Bank and Solar Equity Corporation.

Creditor shall have the right at any time, after default by the Debtor, to notify any and all Revenue debtors to make payment thereof directly to Creditor, but prior to Creditor's election, Debtor shall continue to collect the accounts, and to pay therefrom the items of expenses described in paragraph 5 of the Agreement. Debtor shall forthwith account for and transmit to Creditor the Net Cash Flow as determined in Paragraph 5 of the Agreement.

Debtor agrees to execute and deliver such financing statement or statements, or amendments thereof or supplements thereto, or other instruments as Creditor may from time to time require in order to comply with the Uniform Commercial Code and Interstate Commerce Act and to preserve and protect the security interest hereby granted. In the event for any reason the law of any other jurisdiction than Pennsylvania becomes or is applicable to the collateral or any part thereof, the Debtor agrees to execute and deliver all such instruments and to do all such other things as may be necessary or appropriate to preserve, protect and enforce the security interest and lien of Creditor under the law of such other jurisdiction, including the United States, to at least the same extent as such security interest would be protected under the Code.

Remedies and General. Creditor shall, in addition to all other rights and remedies, have all the rights and remedies of a secured party under the Uniform Commercial Code (regardless of whether the Code is a law for the jurisdiction where the right or remedies are asserted). Any requirement of the Code for reasonable notice to the Debtor shall be met if such notice is

mailed, postage prepaid, to the Debtor at 342 Harding Way West, P.O. Box 706, Galion, Ohio 44833, at least fifteen (15) days before the time of the sale, disposition or other event or thing giving rise to the required notice. Any other notification required by law to be given to the Debtor shall be deemed reasonably and properly given if mailed, postage prepaid, to the Debtor at the foregoing address.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives as of the date stated at the beginning.

AVEC EQUIPMENT CORPORATION

By: Philip S. Hesby  
President

CONSOLIDATED INSPECTION AND REPAIR CORPORATION

By: Malcolm H. Hall  
President

ACKNOWLEDGMENT

On this 13th day of August 1980, before me personally  
appeared Philip S. Hesly, to me personally  
known, who being by me duly sworn, says that he is the President  
of AVEC EQUIPMENT CORPORATION, that the seal affixed to the foregoing  
instrument is the corporate seal of said corporation, that said  
instrument was signed and sealed on behalf of said corporation by  
authority of its Board of Directors and he acknowledged that the  
execution of the foregoing instrument was the free act and deed of  
said corporation.

(SEAL)

Doreen A. Sayen  
President

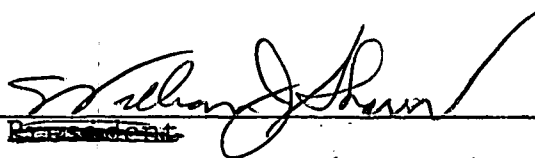
DOREEN A. SAYEN  
Notary Public, Phila., Phila. Co.  
My Commission Expires Jan. 24, 1983

My commission expires January 24, 1983.

ACKNOWLEDGMENT

On this 11<sup>th</sup> day of August 1980, before me personally appeared A. Ralph Kild, to me personally known, who being by me duly sworn, says that he is the President of CONSOLIDATED INSPECTION AND REPAIR CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)

  
~~President~~

WILLIAM J. SHARROW  
Notary Public, Doylestown Boro, Bucks Co.  
My Commission Expires August 9, 1982

My commission expires \_\_\_\_\_.



SCHEDULE I

LYKENS VALLEY RAILROAD BOX CARS

123000	123043	123087	123150
123001	123044	123088	123151
123002	123045	123089	123152
123003	123046	123090	123153
123004	123047	123091	123154
123005	123048	123092	123155
123006	123049	123093	123156
123007	123050	123094	123157
123008	123051	123096	123158
123009	123052	123097	123159
123010	123053	123098	123160
123011	123054	123099	123161
123012	123055	123100	123162
123013	123056	123101	123163
123014	123057	123103	123164
123015	123058	123104	123165
123016	123060	123105	123166
123017	123061	123106	123167
123018	123062	123107	123168
123019	123063	123108	123169
123020	123065	123109	123170
123021	123066	123110	123171
123022	123067	123111	123172
123023	123068	123112	123173
123025	123069	123114	123175
123026	123070	123117	123176
123027	123071	123118	123177
123028	123072	123119	123178
123029	123073	123120	123179
123030	123074	123121	123180
123031	123075	123122	123500
123032	123076	123123	123501
123033	123077	123124	123502
123034	123078	123125	123503
123035	123079	123126	123504
123036	123080	123127	123505
123037	123081	123128	123506
123038	123082	123129	123507
123039	123083	123130	123508
123040	123084	123131	123509
123041	123085	123132	
123042	123086	123133	

## A G R E E M E N T

This Agreement made and entered into this 21st day of June, 1980 by and between CONSOLIDATED INSPECTION AND REPAIR CORPORATION, a Pennsylvania corporation also known as CIRCO, and AVEC EQUIPMENT CORPORATION, an Ohio corporation also known as AVEC, do hereby agree as follows.

WHEREAS, CIRCO has been involved in rehabilitating box cars owned by AVEC over the course of the last six to eight months; and whereas said parties have negotiated a settlement as set forth in this Agreement:

NOW, THEREFORE, the parties do hereby agree as follows:

1. AVEC agrees to do the following:
  - A. Recognize the remaining invoices of CIRCO for work on the boxcars unpaid as of this date as set forth in Exhibit "A" attached hereto and totaling the sum of \$502,428.71 against which AVEC has paid CIRCO the sum of \$25,000, receipt of which is acknowledged by CIRCO;
  - B. Make a payment upon the execution of this Agreement in the sum of Seventy-Five Thousand Dollars (\$75,000.00), receipt of which is hereby acknowledged, leaving a balance of \$402,428.71;
  - C. Make payments monthly to CIRCO of the Net Cash Flow as hereinafter defined, from the earnings of the

EXECUTED IN Two COUNTERPARTS

COUNTERPART NO. Two

**EXHIBIT A**

166 Lykens Valley boxcars identified in Exhibit "B" hereto (the "166 Cars") until CIRCO has been paid the balance of \$402,428.71 referred to in subparagraph B above;

2. The parties agree that the 47 cars (of the 166 Cars) identified in Exhibit "C" hereto had the dates of delivery for service at Marietta, Wisconsin, set forth in Exhibit "C"; that the Warranty Statement forming a part of the letter agreement between the parties, dated October 22, 1979, a copy of which is attached hereto as Exhibit "D", shall apply to those 47 cars from the dates of repair set forth in Exhibit "C"; and that the remaining 119 cars (the "Reinspection Cars") of the 166 Cars shall be subject to the Reinspection and Repair Procedure provided for herein.

3. The Reinspection and Repair Procedure shall be as follows:

- A. Each of the Reinspection Cars (119 cars) shall be inspected by a representative designated by AVEC and a representative designated by CIRCO for the purpose of determining if the work done by CIRCO on the car conformed to the specifications forming a part of the letter agreement, Exhibit "D", beginning with B.O. cars;
- B. If it is decided, in the manner hereafter described, that work done by CIRCO on a car did not conform

to those specifications, CIRCO agrees, at its own expense, to correct the condition or conditions so found not to have conformed to those specifications. If it is decided that the work done by CIRCO on a car did conform to those specifications, CIRCO shall have no further liability or responsibility with respect to that car. If the representative of AVEC and the representative of CIRCO agree that the work done by CIRCO on a car either did or did not conform to those specifications, that decision shall be final and binding; if those representatives cannot agree as to whether the work done by CIRCO on a car conformed to those specifications, those two representatives shall appoint an impartial inspector to decide the issue and the decision of that inspector shall be final and binding on the parties hereto;

- C. CIRCO, with consent of AVEC, shall have the right to designate the time and place for the inspection of the cars; each party will bear the expense of its representative; and the party against whom a decision is made by an impartial inspector shall bear the expense of the impartial inspector with respect to that inspection;

- D. CIRCO shall have the right to do any corrective work in its own facilities or to have such work done elsewhere at its own expense, including transportation charges;
- E. The parties agree to cooperate to the end that the inspection of the Reinspection Cars and the performance of any corrective work thereon by CIRCO will be accomplished in accordance with the specifications of Exhibit "D" attached. Mutually, the parties shall arrange, as promptly as possible, for the return of any of the Reinspection Cars to the Williamsport facility of CIRCO for re-warranty work, provided this return can be accomplished on a record rights basis without charge to either party; otherwise, the transportation cost is CIRCO's obligation. With respect to any of the Reinspection Cars requiring corrective work, CIRCO shall have the right to arrange for its return to the Williamsport facility for such work on a record rights basis if available; otherwise, at CIRCO's expense.
- F. CIRCO agrees that the Warranty Statement forming part of Exhibit "D" shall apply to any corrective work performed by it on the Reinspection Cars pursuant to this Agreement;

G. CIRCO agrees to execute and deliver forthwith a release covering all 166 cars to Provident National Bank and Solar Equity Corp. as their interest may appear.

4. As collateral security for the obligations of AVEC to CIRCO hereunder, and in reduction of said escrow-security fund, AVEC hereby assigns to CIRCO all of AVEC's right, title and interest in and to the Car Hire, mileage recognition and any other revenues from the 166 cars (the "166 Car Revenues") which assignment is subject to prior assignments in favor of Provident National Bank, Philadelphia, Pa. and Solar Equity Corporation, the debt service on which is \$12,000 monthly, with the balance, after expenses set forth in paragraph 5 herein, being available to AVEC. AVEC will forthwith execute and deliver to CIRCO such further security documents, agreements, financing statements, and the like, as may be reasonably required by counsel for CIRCO to perfect CIRCO's rights in the assigned property against the claims of other creditors of AVEC and to assure the payment of the Net Cash Flow, as hereinafter defined, to CIRCO but in no way violating any covenants of AVEC's two mortgages.

5. Net Cash Flow, as used herein, shall mean all of the 166 Car Revenues received, directly or indirectly, by AVEC less:

- (i) The cost of Actual Running Repairs to the 166 Cars;
- (ii) The debt service on the 166 Cars which is

- \$12,000 monthly; two (2) mortgages Provident National Bank and Solar Equity Corp.;
- (iii) The actual charges to AVEC for (a) insurance, (b) the use of the LKVY mark on the cars, (c) accounting fees to Lykens Valley Railroad relating to the 166 Cars;
  - (iv) Consulting fees actually paid by AVEC to third parties in amounts agreed to in advance by AVEC and CIRCO, in any event not to exceed a total of \$2,500.00 per month, plus expenses, with respect to the 166 Cars;
  - (v) Any repair charges for the 166 Cars actually incurred by AVEC;
  - (vi) Transportation charges actually incurred for the movement of the 166 Cars where record rights are not available; if AVEC has any choice in deciding which cars may be subject to such transportation charges, it agrees that this will be allocated equitably between the 166 Cars and any other cars of AVEC and/or any affiliate of AVEC;
  - (vii) Any item of (i), (iii), (iv), (v), (vi) actually incurred for the 166 Cars shall be reimbursed to AVEC from first funds available from revenues herein;

(viii) Items (iii), (iv), (v), (vi) may be paid  
by AVEC to LKVY Rail-Auto Leasing Corp.  
with no reduction in Net Cash Flow to CIRCO.

6. CIRCO agrees that it will look only to the Net Cash Flow as the sole source of payment of the balance due from AVEC under paragraph 1-C.

7. AVEC agrees that the 166 Car Revenues will be deposited in a special bank account at Provident National Bank in the name "AVEC Equipment Corporation - Lykens Account", which account will be subject to the assignment in favor of Provident National Bank and to the assignment in favor of CIRCO. CIRCO shall have a right, at reasonable times, to review all of the transactions in said account and to receive from AVEC an accounting of said transactions. Until CIRCO has been repaid the full amount to be paid pursuant to paragraph 1-C hereof, AVEC will make no withdrawals nor issue any checks or other payment orders, except for the payment of the expenditures set forth in paragraph 5 hereof.

8. AVEC shall have the right to re-finance its mortgages on the 166 Cars, provided that the debt service on the re-financed mortgage shall not exceed \$12,000.00 per month and the re-financing shall not reduce the Net Cash Flow.



9. If CIRCO arranges to do corrective work on any of the Reinspection Cars in CIRCO's Williamsport facility, AVEC may request CIRCO to make additional repairs to such cars, the description and price of such additional repairs to be agreed upon by the parties in writing in advance, and AVEC shall pay the agreed-upon price to CIRCO in cash upon the completion and inspection of the additional repairs and before the release of the car by CIRCO.

10. AVEC shall have the right to have CIRCO re-line with 1/4" plywood the interior of any of the Reinspection Cars that are returned to CIRCO's Williamsport facility for either inspection or corrective work, or both. If CIRCO's corrective work involves a complete re-lining of a car, AVEC shall have the right to have the re-lining done in 1/4" plywood instead of masonite at a price for the materials of \$264.00 per car. If AVEC desires any car which does not require corrective work by CIRCO to be re-lined with 1/4" plywood, CIRCO will, upon written instructions from AVEC to that effect, so completely re-line the car at a price of \$800.00 per car, which price consists of \$371.00 for labor and \$429.00 for materials. The labor price is based upon the labor rate as of July 1, 1980, in the office manual of the Association of American Railroads, Interchange Rules, Car Repair Billing - Billing Regulation, Job 4450, Labor, Freight Car, and shall be subject to adjustment in the same proportion as that

labor rate is adjusted from time to time. The material costs shall be based upon the actual cost to CIRCO of the materials, plus fifteen (15%) percent.

11. Notwithstanding the provisions of paragraphs 1-C and 6 hereof, it is understood and agreed by the parties that the total amounts paid to CIRCO pursuant to paragraph 1-C from time to time shall not exceed \$402,428.71 (a/k/a escrow-security fund to AVEC), less the product of \$1,750 and the number of Reinspection Cars that have not been inspected or, if inspected, not corrected in accordance with the terms hereof, it being the contemplation of the parties that the \$1,750 per car shall protect AVEC with respect to the cost of any corrective work which may remain to be done on the Reinspected Cars but not to be considered the fair market value of the cost of re-warranty liability which could be higher. In the event that the actual experience in the performance of corrective work on cars requiring such corrective work reasonably indicates that the actual cost of corrective work on cars requiring such work is more or less than \$1,750 per car, said figure shall be equitably adjusted upward or downward to conform to the actual experience at the request of either party. Should CIRCO fail to perform within a reasonable time its duty of re-warranty procedure, the balance due CIRCO in paragraph 1-C shall be terminated.

12. At the time of the execution and delivery of this Agreement, CIRCO has in its possession certain other boxcars which

fall in the categories of scrap and grain cars, cars in for running repairs and cars which may be rehabilitated by CIRCO for AVEC pursuant to arrangements to be made. No storage changes will be made by CIRCO for such times. AVEC agrees to remove the scrap and grain cars within ninety (90) days from the date hereof or to pay reasonable storage charges thereafter. Cars in for running repairs shall be removed by AVEC as soon as reasonably possible after the completion and inspection of those repairs, in no event longer than ninety (90) days after such completion and inspection if authority is given CIRCO by AVEC to repair. As to cars which AVEC identifies to CIRCO as being cars which it anticipates having CIRCO rehabilitate, said cars may remain at CIRCO's Williamsport facility without storage charges for ninety (90) days and thereafter until ninety (90) days notice from CIRCO to AVEC to remove the same given on or after the expiration of the first ninety (90) day period. No switching charges shall be made by CIRCO to AVEC.

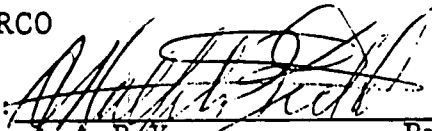
13. There is attached hereto as Exhibit "E" a detailed inventory of boxcar parts belonging to AVEC and presently in the possession of CIRCO. CIRCO shall have the right to use said inventory in doing corrective work on the Reinspection Cars, and AVEC shall be entitled to a credit for the fair and reasonable value of the inventory so used. AVEC may remove all or any part of its inventory (Exhibit "E") at its expense at anytime.

14. The parties agree to use their best efforts to obtain AAR approval of the rebuilt status for the 166 Cars.

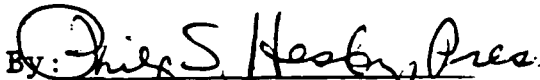
15. This Agreement shall be governed in all respects by the laws of the Commonwealth of Pennsylvania.

16. This Agreement is in witness whereof the parties hereto set their hands by corporate authority as presidents the day and year above written.

CIRCO

By:   
A.R.K. Pres.

AVEC

By:   
P.S.H. Pres.

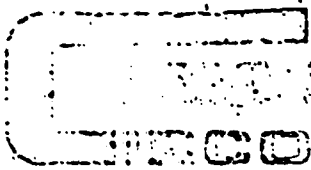


Exhibit A

/ 144 Old Eagle School Road / Strafford-Wayne, Penna. 19067

A. Ralph Kidd  
President

Area Code 215  
687-4266

AVEC BILLINGS

CIRCO  
INVOICE NO.

Rehab.

Running  
Repairs

483 Rev.

22,000.00

485

400.50 -

491

9,360.00

495

4,979.15 -

498

176,500.00

500

207,866.00

13,052.87 -

502

235,700.00

503

2,297.03

504

6,898.39 -

505

5,854.37

506

16,500.00

508

26,200.00

510

9,700.00

495,960.00

33,482.31

511

7,986.40 -

Grand Total: 529,442.31

Recd. 4/25/80 35,000.00

Balance due: 494,442.31  
7,986.40

502,428.71

33317.31  
1986.40  
25330.91

166 - LYKENS VALLEY

123000	123043	123087	123150
123001	123044	123088	123151
123002	123045	123089	123152
123003	123046	123090	123153
123004	123047	123091	123154
123005	123048	123092	123155
123006	123049	123093	123156
123007	123050	123094	123157
123008	123051	123096	123158
123009	123052	123097	123159
123010	123053	123098	123160
123011	123054	123099	123161
123012	123055	123100	123162
123013	123056	123101	123163
123014	123057	123103	123164
123015	123058	123104	123165
123016	123060	123105	123166
123017	123061	123106	123167
123018	123062	123107	123168
123019	123063	123108	123169
123020	123065	123109	123170
123021	123066	123110	123171
123022	123067	123111	123172
123023	123068	123112	123173
123025	123069	123114	123175
123026	123070	123117	123176
123027	123071	123118	123177
123028	123072	123119	123178
123029	123073	123120	123179
123030	123074	123121	123180
123031	123075	123122	123500
123032	123076	123123	123501
123033	123077	123124	123502
123034	123078	123125	123503
123035	123079	123126	123504
123036	123080	123127	123505
123037	123081	123128	123506
123038	123082	123129	123507
123039	123083	123130	123508
123040	123084	123131	123509
123041	123085	123132	
123042	123086	123133	

List of 47 cars

LKVY-123025

123026

123028

123039

123041

123052

123071

123084

123085

123086

123087

123097

123098

123122

123124

123132

123133

123159

123160

123161

123162

123163

123164

123165

123166

123167

123168

123169

123170

123171

123172

123173

123175

123176

123177

123178

123179

123180

123503

123504

123505

123506

123507

123508

123509

123023

123072

954

GENERAL SPECIFICATIONSGENERAL

Specifications for general repair of 50' XP Box cars by Consolidated Inspection and Repair Corporation for Avec Equipment Corporation, Galion, Ohio.

The following details listed on this specification are the basic requirements to be used in determining the basic cost of repairs, as well as an agreed upon basis of acceptance of the car for service after repairs have been completed.

Cars completed and offered to the Avec Equipment Corporation for acceptance for service by Consolidated Inspection and Repair Corporation must have:

- 1.) F.R.A. Inspection date advanced to reflect date of release from Consolidated Inspection and Repair Corporation shop.
- 2.) All stencilling in accordance with the requirements of the current AAR Manual of Standards and Recommended Practices.
  - a) Floor capacity, i.e., 50K, 25K, etc.
  - b) C.O.T.&S., AB type brakes over 48 months old.
  - c) Repack or perform periodic lubrication on all cars inspected on-type of bearing. Journal boxes of solid bearing equipped cars need not be stabilized.
  - d) Stencil for prohibited wheels, Rule 80-E-12.
- 3.) All cars not receiving C.O.T.&S. of the air brake system must receive in-date test as per Pamphlet 5039, Supplement 1.

All cars must comply with current FRA freight car safety standards, power brake laws of 1958 and current AAR requirements.

UNDERFRAME

The body bolsters will be placed in plane with the center sills longitudinally and laterally secured, consistent with North American Car Company's Mr. DuPre's letter of June 14, 1979. Body bolster bottom plate will be renewed and body center plates will be reworked and reapplied as required. Side bearing wedge plates will be replaced as required.



DRAFT GEAR *Arrangements*

**Yokes:** Will be inspected and replaced with Y40AHT type as required.

**Draft Gear:** Will be visually inspected and replaced as required.

**Couplers:** Will be gauged per FRA Periodic Inspection requirements and replaced as required. Uncoupling rods will be made operative. All E60 couplers to be replaced with; BE60 BHT, BE50 AHT or E60 CHT.

**Cross Keys:** Will be inspected and replaced as required.

**Cross Key Washers:** Will be installed with approved cross key keeper.

**Draft Gear Supports:** Will be inspected for wear and replaced as required.

**Draft Sills:** Will be inspected for cracks and repaired as required. Cracked draft sill reinforcements will be removed and replaced as required in front of the body bolster at the cross key area.

Loose rivets in draft sills, front or rear lug castings will be replaced with huck bolts.

ENDS

*restoring*  
**Ends** will be straightened by facking into place as required to pass FRA Periodic Inspection. If heat is required, wood lining will be removed and reapplied or renewed as required.

Cracks in end sheets above center sill will be repaired by adding a 1/4" thick patch plate welded in place.

Broken end sill angles to be repaired and fastened to the center sills by weld.

Holes in ends will be patched using 1/8" plates welded in place.

**Hand Brakes:** Will be replaced with reconditioned units as required.

SAFETY APPLIANCES

**Brake Steps:** Will be inspected and straightened, or replaced as required.

**Grab Irons, Sill Steps, Ladders:** Will be inspected and repaired or replaced as required.

ROOF

Roofs will be inspected and patched where required. Patches to be welded in place. *2 new rails - top left and right*

*and side boards*  
**Safety Modification:** Will be applied to running boards, as per Section 231.27 of the FRA Handbook of Safety Appliances and Power Brakes.

SIDES

Sides will be inspected and any holes patched with 1/8" sheet welded into place.

DOORS

*All doors to be removed and replaced, 13 locations, remove.*  
Doors will be made operable. Door hardware will be lubricated. Bent doors will be straightened or replaced as required. Any holes in doors will be patched as required by welding.

Door Frames: Door front spark strips and back angles will be straightened as required to make doors water tight.

Door Locks: Will be straightened and repaired as required. They will not be reinforced. If beyond repair, they will be replaced as required.

FLOORS

Floor planks will be replaced as required. Debris will be removed from interior. Untreated plank, with tongue and groove to be used. There shall be no spaces between the floor planking upon reapplication.

Cracks between floor planking opened beyond a water tite seal will be caulked with floor caulking.

Floor Stringers: Floor support stringers will be repaired, replaced or reconnected where loose from underframe, maintaining three (3) stringers per side.

SIDE LINING

Wood lining will be patched or replaced as required; 3/4" plywood may be substituted for end lining. All patching will be flush.

Cars lined with tongue and grooved lining whose lining boards have shrunk, permitting openings between boards, will be fully lined with untempered Masonite spaced 1/8" inch for expansion and secured with coated nails.

Cars lined with plywood, whose surface is gouged and splintered, presenting an undesirable surface for packaged commodities will be lined with untempered Masonite spaced 1/8" for expansion and secured with coated nails.

Cars whose plywood lining does not present an undesirable surface to packages commodities may be continued in service. Holes not over 6" in any direction may be covered with untempered Masonite secured with coated nails.

All projections i.e., lading strap anchors, blocking, nails, etc., must be removed.

Lining Nailing Strip: Nailing strips for lining will be replaced as required.

AIR BRAKE

Retainer valve to be relocated as per Section E-46-1966 of the AAR Manual of Standards and recommended Practices.

Slack adjusters will be tested and replaced as required.

TRUCKS

Trucks will be dismantled.

Truck Bolsters: Bolsters will be cleaned, inspected and friction shoe wear areas repaired by welding as required. Bolsters worn beyond reclamation will be scrapped and replacement bolsters applied.

Center Plate Bowl diameters will be checked and where oversized, will be repaired. *undersized*  
*replaced*

Friction Shoe Castings: Will be replaced as required. Truck side column guide wear plates to be replaced where broken or missing. *as indicated by wear gage*

Friction Shoe Casting Springs: Will be inspected and replaced as required as determined by wear indicators.

Truck Springs: Will be inspected and replaced as required.

Wheels: Wheels which have reached the condemning limits, or within 1/16" of the limit, will be replaced, both flange and rim thickness gaged.

Brake Shoes: Will be inspected and replaced as required. AAR 1B shoes will be used as replacement.

Brake Beams: Will be inspected and replaced as required.

Axles: Will be inspected and re-machined as required. Condemnable axles will be replaced. R-J axles will be scrapped.

Side Bearing Clearance: Will be adjusted to A.A.R. specifications.

Box Lid and Seals: Will be inspected and replaced as required.

New Rear Seals: New rear seals, complying with AAR Specification M-925 will be applied to all journal boxes when truck is dismantled.

Journal Bearings and Wedges: All journal bearings and wedges will be inspected and repacked in accordance with latest AAR Standards and Recommended Practices.

PAINT

The outside, roof (underside), backs of doors and door posts of the car will be brush sand blasted to remove paint scale and rust.

The outside, backs of doors and door posts of the car will be given one coat of DuPont Freight Car Brown paint as per AVEC Print Specifications.

Reporting marks Y & S will locate to the right of the side door stops to prevent obliteration when side door is open.

All lettering will be in accordance with Section L of the AAR Manual of Standard and Recommended Practice presently in effect.

Accepted By:

\_\_\_\_\_  
AVEC Equipment Corporation

\_\_\_\_\_  
Date

Accepted By:

\_\_\_\_\_  
Consolidated Inspection and  
Repair Corporation

\_\_\_\_\_  
Date

ACCEPTANCE

Cars offered for acceptance and service will be in increments of a total week's production. The specifications will be reproduced in multiple, and one each prepared for each car inspected for acceptance.

Provision for signature of the accepting individual to be provided on each page of the specification. Specification/acceptance forms will also be used as basis for arriving at the total cost of each car repaired. A blanket cost is not acceptable.

The designated accepting inspector will also, at time of accepting cars for service, inspect a like number of cars scheduled to undergo repair for the next week. This inspection will determine scope of repair and authorize repairs be made. No car will be repaired without an authorization form signed by the designated Avec Equipment Corporation inspector. Repairs completed and not having been listed in the specification will be written in and priced in appropriate form and attached to the specification/acceptance sheet for pricing.

Payment will be in full, weekly, for cars repaired the previous week and offered for acceptance. Cars not accepted will not be paid for until repairs meet with the approval of the accepting inspector.

Completed Car Accepted for AVEC By

\_\_\_\_\_

Date

\_\_\_\_\_

WARRANTY STATEMENT

Consolidated Inspection and Repair Corporation warrants all repairs made at their facility, located at Williamsport, Pa.; from defects in material and workmanship under normal use (Note 1 excepted) and service for three (3) months from date of repair, fair wear and tear excepted, provided, however, should AAR Rules require inspection of any part or component more frequently than annually, the warranty with respect to any repair thereof shall be limited to the maximum period provided in the AAR Rules for such inspection. The warranty with respect to any repairs made at a repair facility of anyone other than CIRCO shall further be limited in scope and time to the warranty given by the person making such repairs.

Note 1 - Due to the nature of box car doors, they are excluded from this warranty.

Accepted By:

AVEC Equipment Corporation

Date

Accepted By:

Consolidated Inspection and  
Repair Corporation

Date

JUL 21 1980



Consolidated Inspection & Repair Corp. / ~~144 Old Eagle School Road - 4 - Stafford-Wayne, Penna 19087~~  
 \* Valley Forge South - Suite 3080 440 E. Swedesford Rd. Wayne, Pa. 19087

A. Ralph Kidd  
 President

Area Code 215  
 687-4266

July 17, 1980

AVEC spare parts on CIRCO property.

A. All parts which will require no attention prior to application to AVEC cars only.

1. Hand brake gears with wheel -----3
2. Unit type brake beams -----12
3. Hangar type brake beams -----20

B. All parts which require testing and repair at a certified air brake shop prior to application to any car subject to Interchange service.

1. "AB" Pipe bracket portion -----25 not tested
2. "AB" Emergency portion -----25 not tested
3. "AB" Service portion -----25 not tested
4. "AB" type quick release valve -----25 not tested
5. AB reservoir -----25 not tested
6. Cut-out cock -----25 not tested
7. Dirt collector -----25 not tested

C. Parts requiring repair before application to car.

1. Doors (less hardware) -----15
2. AB Cylinders (must be cleaned & lubricated)-----25
3. 50 ton side frames (friction) -----6
4. 50 ton side frames (converted friction to roller brg.)--11
5. 50 ton bolsters (to match side frames in stock) -----8

D. All parts which require inspection and repair at a certified wheel and axle shop before application to any car subject to interchange service.

1. 33" Friction bearing wheel and axle sets -----21  
 (CIRCO shop finger readings indicative of potentially scrap wheels)
2. 33" Roller Bearing wheel and axle sets -----10  
 (Bearings must be pulled and wheels must be turned before reuseable)

Avec Equipment Corporation  
P.O. Box 706  
Galion, Ohio 44833

July 31, 1980

Consolidated Inspection and  
Repair Corporation  
144 Eagle School Road  
Strafford, Wayne, PA 19087

Gentlemen:

We have entered into an agreement with you dated June 21, 1980 concerning the settlement of various disputes involving 166 railroad boxcars owned by us (the "Agreement"). Of the 166 cars covered by the Agreement, we have assigned all of our right, title and interest in and to the 50 cars listed in Schedule I attached hereto ("Provident Cars"), and all the revenues therefrom, to Provident National Bank under an agreement which has been recorded with the Interstate Commerce Commission and which prohibits us from further encumbering the Provident Cars or the revenues therefrom.

The Agreement and the security agreement contemplated thereby provide for an assignment of revenues from all 166 cars, subject to the prior assignment to Provident as to the Provident Cars and to Solar Equity Corporation as to certain other cars. The purpose of this letter is to specify the arrangements made with Provident National Bank as to the 166 Car Revenues, as defined in the Agreement, to obtain your consent to this arrangement and to obtain certain acknowledgments from you regarding the Provident Cars.

Paragraph 7 of the Agreement contemplates certain account arrangements at Provident National Bank for deposit of the 166 Car Revenues. The arrangement we have made with Provident is that the 166 Car Revenues are being deposited in an account on which Provident is the drawer. Each month we will instruct Provident as to payments to be made from the account as contemplated by Paragraph 5 and Paragraph 1C of the Agreement. Provident shall have no responsibility to you and shall be fully protected in acting upon such instructions from us.

Even though you have taken a security interest in revenues from all 166 cars, you acknowledge that as to the Provident Cars your rights are entirely subordinate to those of Provident National Bank and that you will not attempt to obtain payment of any revenues from the Provident Cars directly to you under any circumstances.



Consolidated Inspection and  
Repair Corporation  
July 31, 1980  
Page Two

Provident National Bank shall be a third party beneficiary of the agreements contained herein.

Please confirm that you are in agreement with the above by signing and returning three copies of this letter to us and, this letter shall constitute an amendment to the Agreement and be made part of any recording of the Agreement with the Interstate Commerce Commission.

Very truly yours,

Philip S. Hesby  
President

The above amendment to the Agreement is satisfactory to us.

CONSOLIDATED INSPECTION AND  
REPAIR CORPORATION

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
President

OFFICE COPY  
PLEASE CONFORM AND RETURN TO  
STRADLEY, RONON, STEVENS & YOUNG  
1300 TWO GIRARD PLAZA  
PHILADELPHIA, PA. 19102  
(215) 569-3800